

OPPOSITION TO

Vanderbilt Rutherford Hospital

Project No. CN2004-012

TriStar StoneCrest Medical Center

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Vanderbilt Rutherford Hospital (VRH) CON Should Be Denied

1. No Need

- Not consistent with State Health Plan criteria
- Existing providers have available capacity
- Utilization projections not reasonable

2. Not Orderly Development

- Harm to existing providers
 - ✓ TriStar StoneCrest Medical Center
 - ✓ Saint Thomas Rutherford Hospital
 - ✓ Williamson Medical Center
 - ✓ Nashville Hospitals
 - ✓ The Surgical Clinic
 - ✓ Hughston Clinic

3. Not Economically Feasible

- Less costly and more effective alternatives are available, but not considered

I. No Need

- **Criterion 1** - “health care needed in the area to be served.”
 - VUMC’s desire to place a hospital in Rutherford County for the convenience of certain patients is **not community need** in the proposed service area.
 - There is **no demonstrable need** for a new acute care hospital in this circumstance.

HSDA Staff Summary, page 3:

It appears that this criterion has not been met

I. No Need

Existing Hospitals Have Considerable Capacity

Trend in Utilization of Acute Care Hospitals in VRH Service Area

Facility	County	2018 Licensed Beds	Patient Days				Occupancy Percent		
			2016	2017	2018	% Change '16-'18	2016	2017	2018
Tennova Healthcare - Shelbyville	Bedford	60	4,850	4,695	4,209	-13.2%	22%	21%	19%
Saint Thomas Stones River Hospital	Cannon	60	5,208	4,524	4,413	-15.3%	24%	21%	20%
Saint Thomas Rutherford Hospital	Rutherford	286	76,003	78,960	77,747	2.3%	73%	76%	74%
TriStar StoneCrest Medical Center	Rutherford	119	18,773	19,156	19,819	5.6%	47%	48%	46%
Saint Thomas River Park Hospital	Warren	125	11,582	12,388	11,890	2.7%	25%	47%	26%
Total		650	116,416	119,723	118,078	1.4%	49%	50%	50%
STRH additional 72 beds (CN-1707-021A)	Rutherford	72	-	-	-	-	-	-	-
Total*		722	-	-	118,078	-	-	-	45%
TrustPoint Hospital	Rutherford	101	30,915	32,336	32,157	4.0%	84%	88%	87%
TrustPoint Hospital (CN1502-066A)	Rutherford	33	-	-	-	-	-	-	-
TrustPoint Hospital (CN1606-024A)	Rutherford	88	-	-	-	-	-	-	-
Total*		944	-	-	150,235	-	-	-	44%

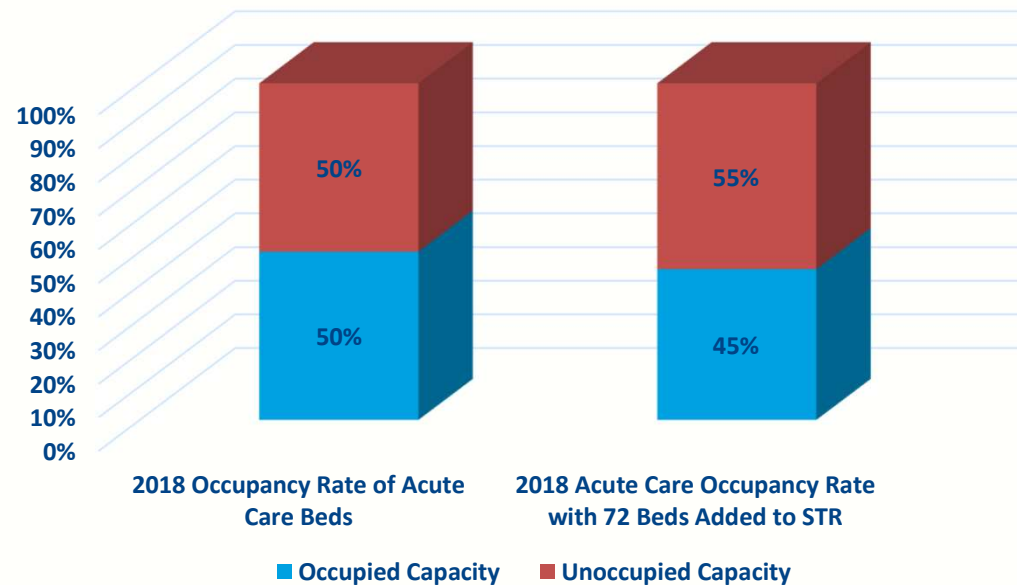
*Occupancy with new beds based on 2018 days

Source: Staff Summary, pp. 3, 7; VRH Supplemental #1, p. 10

I. No Need

Impact of STRH's 72-bed Addition

Impact of STRH 72-Bed Addition on Acute Care Occupancy in VRH Service Area



I. No Need

Unreasonable Utilization Projections

How does Applicant
calculate **projected**
utilization?

CON Application, page 35:

The projections for utilization are based on the methodology as follows:

- Discharges from the service area at VUMC were analyzed to determine the number of inpatients with conditions that can be appropriately treated at a community facility. It is assumed that 85% of those patients will elect to access inpatient services at Vanderbilt Rutherford Hospital.
- Discharges from the service area at Nashville hospitals other than VUMC were analyzed to determine the number of inpatients with conditions that can be appropriately treated at a community facility. It is assumed that 15% of those patients will elect to access inpatient services at Vanderbilt Rutherford Hospital.

By assuming that patients from the proposed service area who currently seek treatment **at Nashville hospitals** will redirect to the proposed new hospital in Murfreesboro:

1. Redirect 85% from VUMC

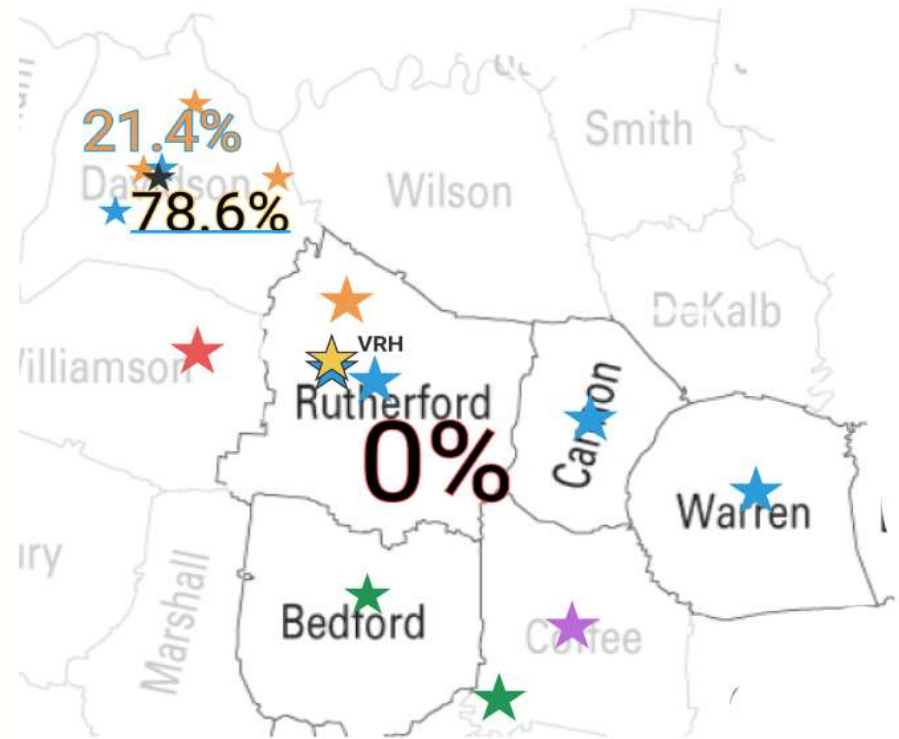
2. Redirect 15% from other Nashville hospitals

I. No Need

Unreasonable Utilization Projections

Unreasonable to assume that:

- 100% of patients at the new hospital in Murfreesboro will be patients who would have otherwise gone to a hospital in Nashville.
- Projected mix after redirection:
 - 78.6% from VUMC (1851/2355 for Y1 from chart on page 35)
 - 21.4% from other Nashville hospitals (504/2355)
 - Centennial, Skyline, Southern Hills, Summit, St. Thomas West, St. Thomas Midtown
 - Most of these patients (a) chose to drive past STRH and StoneCrest for treatment in Nashville and (b) once in Nashville, chose a hospital other than VUMC.
 - Applicant assumes that 21% of them will nevertheless now choose VRH.
- 0% of VRH's projected patients will be redirected from hospitals in the service area



I. No Need

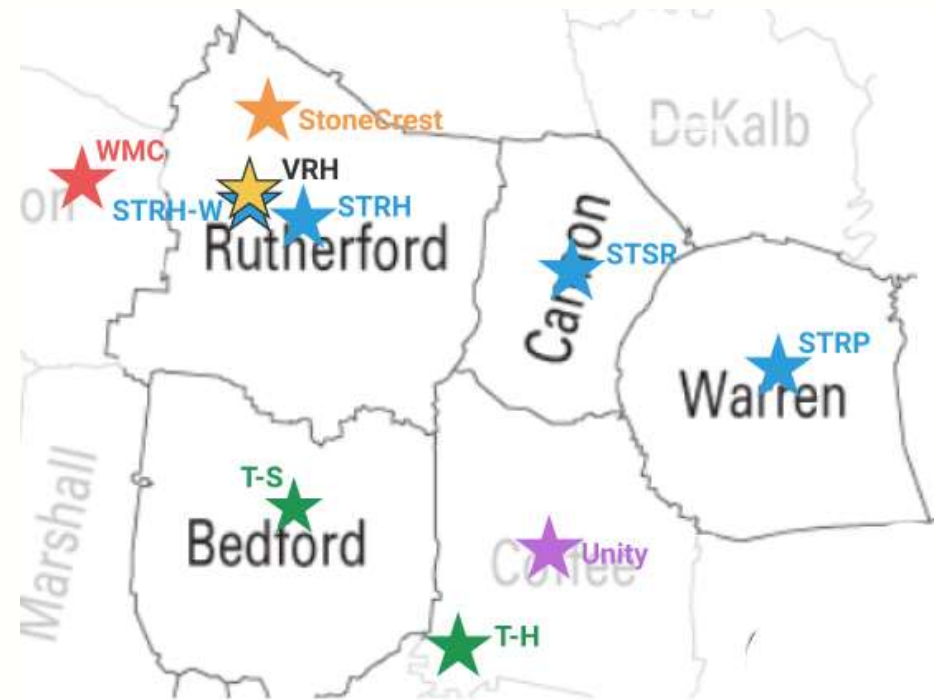
No Documented Need

Review Consideration	Documented Need?	
	Yes	No
48 New Acute Care Beds in Service Area		X
6 Neonatal Intensive Care Bassinets		X
Access to Inpatient Care		X

I. No Need

No Material Improvement in Access

- VRH will be located only 4.4 miles from STRH.
- Most service area population will be closer to an existing hospital than to VRH.
- All services VRH proposes to offer are already available at existing hospitals in the service area.



I. No Need

Inconsistent with the Acute Care Bed Criteria

- **Surplus** of 249 beds in the Service Area p. 3 Staff Summary
 - NOT including TrustPoint approved CONs (another 121 beds)
 - Yet VUMC seeks to add 48 new beds at VRH.
- VRH fails the exception to the bed-need methodology because:
 - All existing hospitals in the proposed service area **do not have an occupancy level greater than or equal to 80%** (combined occupancy = 50% in 2018).
 - All outstanding CON projects for acute care beds are not licensed (72 approved beds for STHR not yet licensed).
- Ample existing hospitals with available capacity in the service area.
 - VRH - unnecessary duplication of existing resources.

I. No Need

Inconsistent with the NICU Criteria

As noted in the Department of Health review:

- The overall occupancy rate of existing Level II NICU providers is not above the target occupancy rate of 80%.
 - STRH = 67%
 - TriStar StoneCrest = 46%
- VRH provided insufficient documentation of its proposed staffing for the NICU.
- The criteria state: “A single Level II neonatal special care unit shall contain a minimum of 10 beds.”
 - VRH proposes only 6 Level II beds.

I. No Need

Projected Utilization of VRH is Unreasonable

- Service area definition of Bedford, Cannon, Rutherford, and Warren Counties is incomplete.
 - VRH likely to draw a material number of patients from Williamson County given its proximity and road access to eastern Williamson County.
- Purportedly based on “the number of inpatients with conditions that can be appropriately treated at a community facility.”
 - VRH application, p. 35
 - No definition provided of DRG categories that were considered appropriate for a community hospital.
 - No adjustment for pediatric patients who will likely continue to travel to Vanderbilt Children’s Hospital in Nashville rather than utilize a 6-bed unit in a small hospital.
- Assumes 85% of VRH inpatients will be redirected from VUMC and 15% from “other Nashville hospitals.”
 - No assumed redirection of inpatients from Rutherford County hospitals or other hospitals drawing patients from the service area, which is unrealistic.

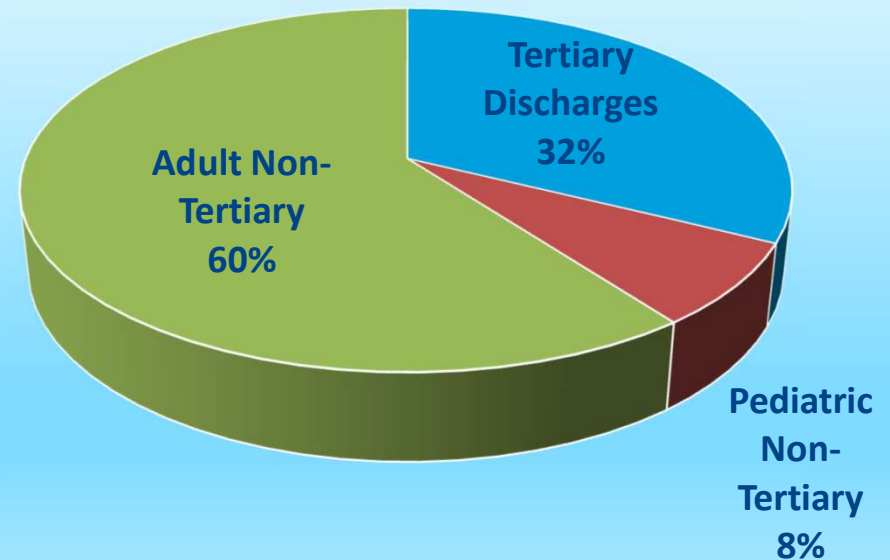
I. No Need

VRH's Projected Utilization is Unreasonable

- VUMC claims 41% of service area inpatients migrate to hospitals outside the service area.
- Actual level of out-migration of all service inpatients was 36% in 2019.
- Within the total out-migration, **only 60% of patients are in the adult non-tertiary*** category, which is the most likely group to choose a new community hospital.
- Only 33% of the adult non-tertiary patients out-migrating traveled to VUMC.
- VRH will need to take patients from other service area hospitals to reach its projected utilization.

*Non-tertiary based on excluding DRGs requiring specialty care not typical of community hospital.

2019 Out-Migration of Inpatient Discharges from VRH Service Area



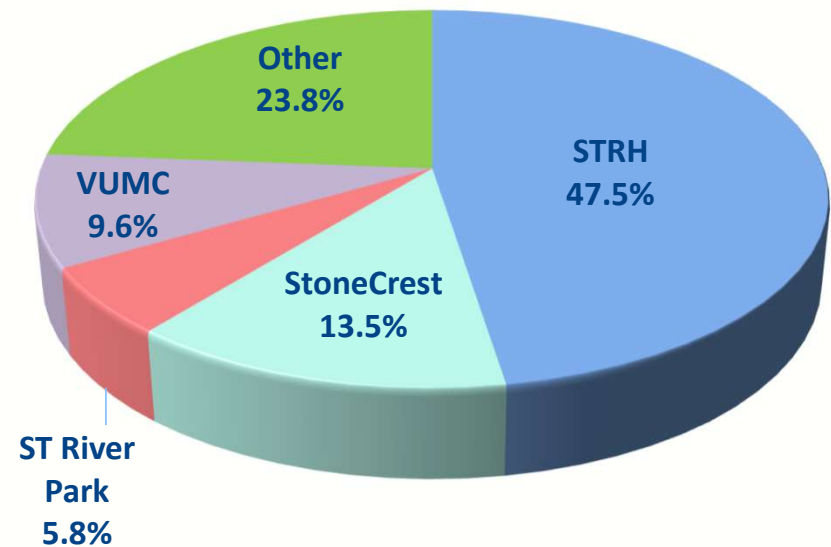
Source: THA discharge data, 1/1/19-9/30/19

I. No Need

Projected Utilization is Unreasonable

- VUMC's claim that it has the second highest market share in the service area is not true for the adult non-tertiary patients likely to use VRH.
 - VUMC served only 9.6% of adult non-tertiary service area inpatients in 2019.
- A portion of VUMC's adult non-tertiary patients from the service area are likely to continue to travel to VUMC for inpatient care given the range of services it offers rather than choose a new, small community hospital.

2019 Market Share Discharges of Adult Non-Tertiary

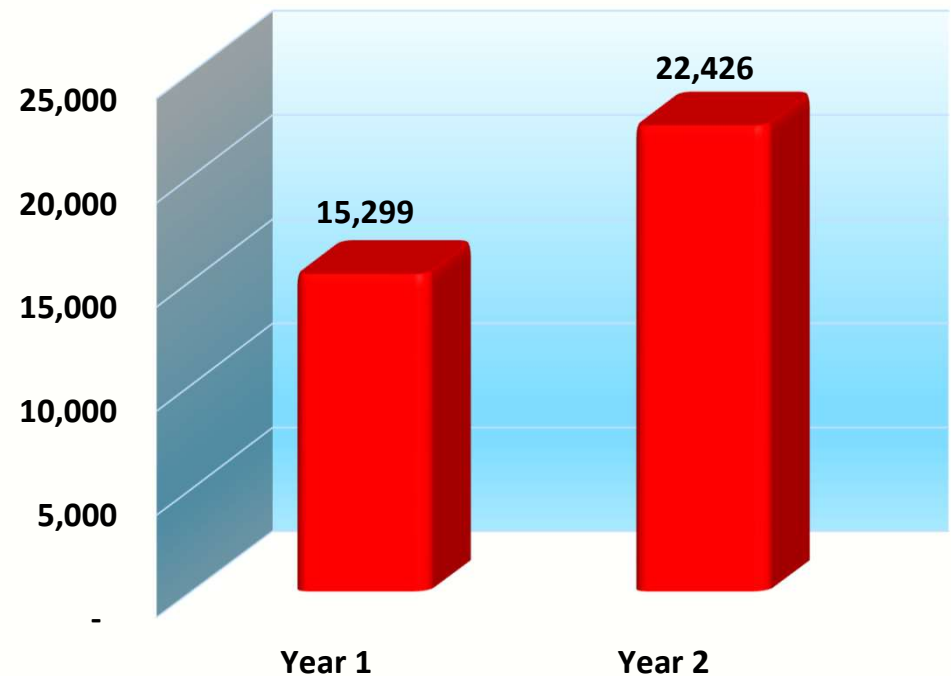


I. No Need

Projected ED Utilization is Unreasonable

- VUMC's projection of ED visits for VRH is unrealistically high for a fledgling hospital in close proximity to existing hospitals.
- There has been no growth in ED visits in the service area counties in recent years.
- The financial projections for VRH are highly dependent on projected outpatient revenues, and ED is a major component of these outpatient revenues.
- ED projections show that ED visits will be redirected from hospitals in the service area, particularly TriStar StoneCrest and STRH.

**Vanderbilt Rutherford Hospital
Projected ED Visits***



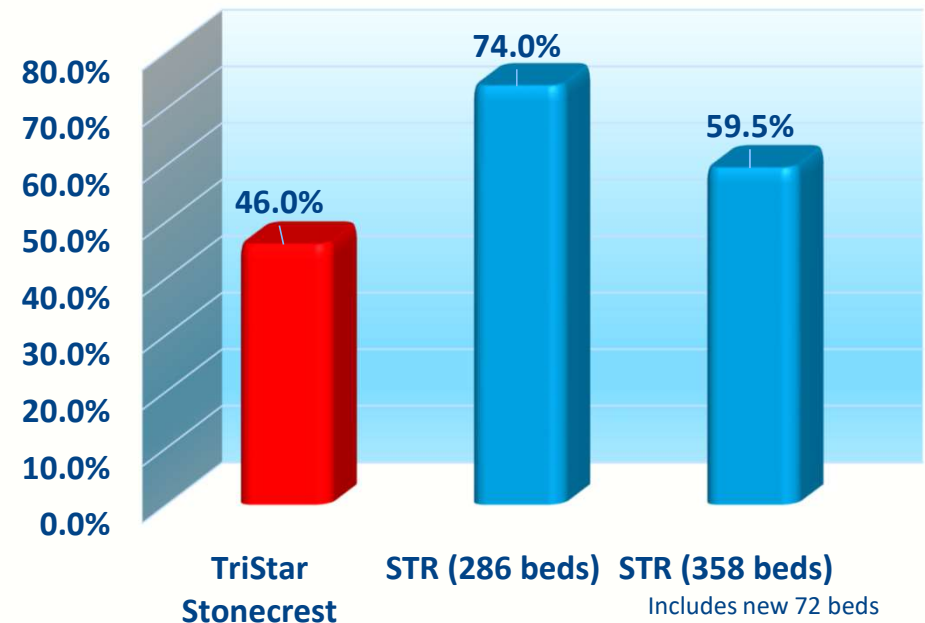
* VRH - Supp. p. 23.

II. Not Orderly Development

TriStar StoneCrest and Other Hospital Will be Harmed by VRH

- Impact will be most directly felt by hospitals with greatest non-tertiary market shares in service area, which are:
 - ✓ StoneCrest
 - ✓ STRH
- Both of these hospitals have ample capacity to accommodate current and future demand for inpatient services, particularly when considering the 72 approved beds STRH will open.

2018 Occupancy Rates



Source: JARs

III. Not Economically Feasible

Alternatives Available & Not Considered

- Financial projections for VRH are not reasonable because they are based on unreasonable utilization assumptions.
- **Less costly and more effective alternatives are available.**
 - \$134 million for an unneeded hospital in Rutherford County is not the best alternative.
 - Should seek a new hospital in another area where need for inpatient capacity actually exists.
 - Redirect patients to its Wilson County hospital.
 - Explore additional construction options on its Nashville campus.
- **VUMC's claimed need for additional inpatient capacity in Nashville does not give it the right to construct a hospital wherever it chooses.**

CON SHOULD BE DENIED

No Need

- Not Consistent with Relevant SHP Criteria
- No meaningful improvement in access
- Flawed service area definition
- Unreasonable utilization projections

Not Orderly Development

- Will adversely impact existing providers in service area

Not Economically Feasible

- Superior alternatives exist